



MATTHIAS W. BALDWIN, FOUNDER

ANNUAL REPORT

1931

**THE
BALDWIN LOCOMOTIVE WORKS**

CONSOLIDATED

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TWENTY-FIRST ANNUAL REPORT

THE
BALDWIN LOCOMOTIVE WORKS

PHILADELPHIA, PA.



CONSOLIDATED WITH

STANDARD STEEL WORKS COMPANY
CRAMP BRASS AND IRON FOUNDRIES COMPANY
BALDWIN-SOUTHWARK CORPORATION
DE LA VERGNE ENGINE COMPANY
THE PELTON WATER WHEEL COMPANY
THE WHITCOMB LOCOMOTIVE COMPANY
THE MIDVALE COMPANY
and
SUBSIDIARIES

December 31, 1931

THE BALDWIN LOCOMOTIVE WORKS

Incorporated under the Laws of the State of Pennsylvania

DIRECTORS

SAMUEL M. VAUCLAIN	Rosemont, Pa.
WILLIAM E. COREY	New York City
SYDNEY E. HUTCHINSON	Philadelphia
SIDNEY F. TYLER	Philadelphia
B. DAWSON COLEMAN	Lebanon, Pa.
ARTHUR W. SEWALL	Philadelphia
THOMAS S. GATES	Philadelphia
FRANCIS M. WELD	New York City
JOHN P. SYKES	Philadelphia
FRED J. FISHER	Detroit
ARTHUR W. CUTTEN	Chicago
JOSEPH N. EWING	Philadelphia
GEORGE H. HOUSTON	Philadelphia
EDWARD F. FISHER	Detroit
THOMAS NEWHALL	Philadelphia
JOSEPH WAYNE, JR.	Philadelphia

OFFICERS

SAMUEL M. VAUCLAIN	Chairman of the Board
GEORGE H. HOUSTON	President
JOHN P. SYKES	Vice-President
ROBERT S. BINKERD	Director of Sales
HARRY GLAENZER	Vice-President in Charge of Engineering
CHARLES E. ACKER	Treasurer
CHARLES D. MACGILLIVRAY	Secretary
CARLOS F. NOYES	Comptroller

GENERAL COUNSEL

MORGAN, LEWIS & BOCKIUS
Philadelphia

PLANT AT BALDWIN

EDDYSTONE, PENNSYLVANIA

TRANSFER AGENTS

IN PHILADELPHIA:

Fidelity-Philadelphia Trust Company,
135 South Broad Street

IN NEW YORK:

Bankers Trust Co., 16 Wall Street

REGISTRARS OF STOCK

IN PHILADELPHIA:

The Pennsylvania Company for Insurances on Lives and Granting Annuities,
15th and Chestnut Streets

IN NEW YORK:

Guaranty Trust Company of New York,
140 Broadway

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TO THE STOCKHOLDERS:

On behalf of the Board of Directors there is submitted herewith the following report of the business of your company for the fiscal year ended December 31, 1931, including:

Summary of Operations for past years.

Consolidated Balance Sheet as of December 31, 1931.

Consolidated Statements of Profit and Loss and
Surplus for the year 1931.

Auditors' Report.

Operations were carried on during the year at lower volume than for many years past, consolidated sales having totaled for the year \$20,436,342.75 as compared with \$49,872,455.61 for the year before. Sales of locomotive products amounted to \$6,197,035.62 as compared with \$31,026,055.09 for the year before. It will be noted that the volume of locomotive business has been reduced in much greater proportion than that of your company's other products. This is due to the sharply reduced buying power of the railroads and no substantial improvement in locomotive sales can be expected until the general condition of the railroads has been improved. Your company entered 1932 with about the same volume of unfilled orders it had at the beginning of 1931, but with a larger proportion of locomotive orders.

Operations for the year resulted in a loss of \$4,122,759.10 after providing for depreciation reserves of \$1,800,190.00, and interest charges of \$1,140,598.64. The subsidiary companies as a whole made a small profit so that this entire loss resulted from the operation of the locomotive business. All inventories of raw materials and work in process have been marked down to the lower of cost or market, and provision has been made for the elimination of obsolete inventory. Operating expenses have been greatly reduced without sacrifice of ability to handle business. Manufacturing facilities are in good condition and ready to produce.

During the year your company purchased from Cramp Morris Industrials, Inc., all of the capital stock of the following companies: Federal Steel Foundry Company with a steel foundry located in Chester, Pennsylvania; the I. P. Morris & De la Vergne, Inc., engaged in the manufacture of hydraulic turbines, Diesel engines and refrigeration equipment with a plant located in Philadelphia; the Cramp Brass and Iron Foundries Company engaged in the manufacture of brass and iron castings with foundries located in Philadelphia; and The Pelton Water Wheel Company engaged in the manufacture of hydraulic turbines and similar equipment with a plant located in San Francisco. These enterprises were acquired for the purpose of adding to the volume of your company's products outside of the locomotive business.

The Federal Steel Foundry business has been acquired from your company by the Standard Steel Works Company, which has thus procured an increased volume of steel casting products of desirable character, including ship castings and parts for hydraulic turbines.

All of the capital stock of I. P. Morris & De la Vergne, Inc., and of The Pelton Water Wheel Company was acquired from your company by Baldwin-Southwark Corporation in exchange for 58,250 shares of its own common capital stock, of which there are now outstanding 112,000 shares, all of which is owned by your company. The equipment and business of I. P. Morris & De la Vergne, Inc., have been removed to Eddystone and consolidated with Baldwin-Southwark operations. The Pelton Water Wheel Company will be continued in San Francisco as an operating subsidiary of Baldwin-Southwark Corporation.

The acquisition of these properties will give Baldwin-Southwark Corporation a number of new products of value to its future development. The consolidation of operations has resulted in substantial economies.

The equipment and business of Cramp Brass and Iron Foundries Company have been removed to Eddystone and consolidated with the iron and brass foundry business of your company, all of which has been organized as a separate division to carry on a general foundry business in iron, brass and bronze castings of the highest grade.

Your company acquired in 1929 an investment in the George D. Whitcomb Company consisting of all of its Class A preferred stock and a minority interest in its common stock. This company became involved in financial difficulties and it was necessary, for the protection of your company's interests, to acquire ownership of the entire property, subsequent to which acquisition your company's investment in this property was reduced to its estimated net worth, the resulting loss being charged to Surplus.

It has been considered advisable to increase the reserve for losses from bad debts, etc., by the sum of \$1,400,000 which has been taken from Surplus.

The Midvale Company owned at December 31st marketable securities carried at a cost of \$2,367,135.08 and having a market value of \$1,737,322.00. Provision has been made from the existing reserves of The Midvale Company for the creation of a special reserve of \$375,000 to offset losses that may be realized in these investments. They are carried into the consolidated balance sheet of your company at a net value of \$1,992,135.08.

We wish to express our appreciation for the loyal and earnest efforts and co-operation of the officers and other members of the organization during the past difficult year.

Respectfully submitted,

GEORGE H. HOUSTON,
President.

February 9, 1932.

THE BALDWIN LOCOMOTIVE WORKS

Summary of Operations, July 1, 1911—December 31, 1931

Year	Gross Sales	Profit	Reserves, Etc.	Dividend	Increase In Surplus From Operations For Year	Adjustments	Surplus
1911 (6 mos.)	\$14,589,645.26	\$1,671,419.32	.....	\$900,000.00	\$771,419.32	.....	\$771,419.32
1912	28,924,335.16	3,698,571.44	.....	1,800,000.00	1,898,571.44	.....	2,669,990.76
1913	37,630,969.21	4,017,800.33	.....	1,800,000.00	2,217,800.33	.....	4,887,791.09
1914	13,616,163.36	365,229.92	\$15,000.00	1,800,000.00	1,449,770.08*	.....	3,438,021.01
1915	22,083,011.06	2,867,816.17	40,000.00	1,400,000.00	1,427,816.17	.....	4,865,837.18
1916	59,219,057.99	9,444,641.91	3,960,854.87	1,400,000.00	4,083,787.04	.....	8,949,624.22
1917	98,263,865.33	11,193,840.66	2,888,118.36	1,400,000.00	6,905,722.30	\$15,800,000.00	55,346.52
1918	123,179,251.99	18,262,112.05	15,009,816.51	1,400,000.00	1,852,295.54	.....	1,907,642.06
1919	84,307,776.72	8,871,243.30	3,095,000.00	2,100,000.00	3,676,243.30	970,527.60	6,554,412.96
1920	73,542,666.49	8,407,269.75	3,978,751.03	2,800,000.00	1,628,518.72	2,830,505.69	11,013,437.37
1921	49,945,506.24	8,962,273.10	3,918,176.63	2,800,000.00	2,244,096.47	.....	13,257,533.84
1922	33,087,258.62	6,765,514.43	1,558,995.38	2,800,000.00	2,406,519.05	3,266,725.00	18,930,777.89
1923	102,762,075.28	11,931,521.93	8,215,057.62	2,800,000.00	916,464.31	.....	19,847,242.20
1924	26,080,352.27	1,920,026.77	600,000.00	2,800,000.00†	1,320,026.77	2,800,000.00†	18,367,268.97
1925	27,876,064.14	196,563.95	.....	2,800,000.00†	196,563.95	2,800,000.00†	15,763,832.92
1926	47,891,668.91	6,492,422.39	608,515.42	2,800,000.00†	5,883,966.97	2,800,000.00†	18,847,739.89
1927	32,901,143.07	3,705,446.70	1,263,246.87	2,800,000.00†	2,442,199.83	5,437,881.01§	15,852,058.71
1928	22,531,349.44	932,210.96	600,000.00	2,800,000.00†	332,210.96	3,074,377.08||	13,109,892.59
1929 ^o	42,796,587.76	4,651,920.01	2,351,457.18 ^o	2,837,629.11†	2,300,462.83	238,420.22	23,431,001.11
1930 ^o	49,872,455.61	5,457,852.50	2,421,228.65 ^o	2,831,512.67	205,111.18	70,039.50	23,706,151.79
1931 ^o	20,436,342.75	2,021,151.08*	2,101,608.02 ^o	700,000.00	4,822,759.10*	1,553,758.16	17,329,634.53
	\$1,011,537,546.66	\$117,794,546.51		\$45,569,141.78			

* Deficit.

† From Reserves.

‡ For Dividends Subsequent Year.

§ Dividends 1928 and Accumulated Depreciation.

|| Dividends 1929 and Accumulated Depreciation.

o Consolidated.

° Depreciation and Midvale Minority Equity.

THE BALDWIN LOCOMOTIVE WORKS

CONSOLIDATED BALANCE SHEET

ASSETS

Property, Plant and Equipment	\$74,415,438.92	
Less—Reserve for Depreciation	<u>20,780,471.98</u>	\$53,634,966.94

First Mortgage Bond Sinking Fund		6,312,196.34
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Investments:

General Steel Castings Corporation, common stock	\$5,000,000.00	
Notes and Stock of The Baldwin Locomotive Works (market value at December 31, 1931, \$544,250) ..	1,801,473.75	
Other Investments	<u>574,631.49</u>	7,376,105.24

Notes and Other Credit Instruments and Accounts Receivable past due and maturing subsequent to 1932, less reserve		1,547,055.42
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Current Assets:

Cash in Banks, with Bankers and on Hand	\$8,206,988.87	
United States Treasury Notes	1,000,000.00	
Sundry Securities, less reserve (market value at December 31, 1931, \$553,171.50)	643,648.70	
Notes and Other Credit Instruments and Accounts Receivable, due in 1932, less reserve	3,659,191.28	
Inventories, at the lower of cost or market	<u>6,524,982.07</u>	20,034,810.92

Deferred Charges		369,240.88
		<u>\$89,274,375.74</u>

Dividends on preferred stock

Contingent liability on notes

LOCOMOTIVE WORKS

STATEMENT, DECEMBER 31, 1931

LIABILITIES

First Mortgage 5% Sinking Fund Gold Bonds, due 1940	\$10,000,000.00
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Three-year 5½% Gold Notes, due March 1, 1933. . . .	12,000,000.00
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Current Liabilities:

Accounts Payable.	\$1,020,547.36	
Accrued Accounts.	601,510.06	
Employees' Savings Accounts.	299,277.41	
	<hr/>	1,921,334.83

Miscellaneous Reserves and Deferred Credits.	624,550.06
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Equity of Minority Stockholders in the Capital Stock and Surplus of The Midvale Company.	6,323,856.32
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Capital Stock and Surplus of The Baldwin Locomotive Works:

Preferred Stock—7% Cumulative—Authorized and Issued—200,000 shares of \$100 each.	\$20,000,000.00	
Common Stock of No Par Value:		
Authorized—2,000,000 shares		
Issued—843,000 shares.	21,075,000.00	
Surplus as per annexed statement.	17,329,634.53	
	<hr/>	58,404,634.53
		<hr/>
		\$89,274,375.74

Stock unpaid since July 1, 1931

Notes discounted, \$277,569.68

THE BALDWIN LOCOMOTIVE WORKS

CONSOLIDATED STATEMENT OF PROFIT AND LOSS

FOR THE YEAR ENDED DECEMBER 31, 1931

Sales.....		\$20,436,342.75
Less:		
Cost of Sales, including Selling, Administrative and General Expense.....	\$21,581,419.88	
Provision for Depreciation.....	1,800,190.00	23,381,609.88
Operating Loss.....		\$2,945,267.13
Other Income:		
Dividends.....	\$78,638.20	
Interest and Miscellaneous.....	740,536.76	819,174.96
Operating Loss less Other Income.....		\$2,126,092.17
Other Expenses:		
Interest.....	\$1,140,598.64	
Miscellaneous.....	494,650.27	1,635,248.91
Loss before Federal Income Tax.....		\$3,761,341.08
Provision for Federal Income Tax.....		60,000.00
Loss for the Year.....		\$3,821,341.08
Equity of Minority Stockholders in Net Profit of The Midvale Company.....		301,418.02
Loss Accrued to The Baldwin Locomotive Works.....		\$4,122,759.10

CONSOLIDATED STATEMENT OF SURPLUS

Surplus at January 1, 1931:		
Earned Surplus.....		\$16,950,332.88
Capital Surplus.....		6,755,818.91
		\$23,706,151.79
Deduct:		
Loss for the year 1931 as above.....	\$4,122,759.10	
Dividend on preferred stock paid July 1, 1931....	700,000.00	
Additional reserve for losses from bad debts.....	1,400,000.00	
Sundry additions less deductions.....	153,758.16	6,376,517.26
Surplus at December 31, 1931.....		\$17,329,634.53
consisting of Earned Surplus.....	\$10,398,209.05	
and Capital Surplus.....	6,931,425.48	

TO THE STOCKHOLDERS OF
THE BALDWIN LOCOMOTIVE WORKS:

We have examined the accounts of The Baldwin Locomotive Works and its wholly owned subsidiaries as at December 31, 1931, and have received the certified financial statements of The Midvale Company prepared by Messrs. Arthur Young & Company.

In our opinion, the accompanying balance sheet and consolidated statements of profit and loss and surplus set forth correctly the consolidated financial position of the companies at December 31, 1931, and the results of operations for the year then ended.

LYBRAND, ROSS BROS. & MONTGOMERY,
Accountants and Auditors.

PHILADELPHIA, PA.,
February 8, 1932.

THE BALDWIN LOCOMOTIVE WORKS

DISTRICT MANAGERS UNITED STATES

CHICAGO, ILL.	CHARLES RIDDELL	627 Railway Exchange
NEW YORK, N. Y.	JOSEPH F. HOERNER	120 Broadway
PORTLAND, ORE.	A. J. BEUTER	335 American Bank Bldg.
ST. LOUIS, MO.	A. S. GOBLE	1010 Pine Street
SAN FRANCISCO, CAL.	LATHAM McMULLIN	2910 Russ Building

FOREIGN REPRESENTATIVES AND AGENTS

AFRICA (South)	NORTH BRITISH BUILDING, JOHANNESBURG.....	The Baldwin Locomotive Works (S. A.) Ltd.
ARGENTINA.....	AVENIDA PRESIDENTE, ROQUE SAENZ, PENA 636, BUENOS AIRES.....	Clyde G. Pinney
AUSTRALIA.....	31 RIBBY LANE, SYDNEY, NEW SOUTH WALES..... 189 KING STREET, MEL- BOURNE, VICTORIA..... 959-61 HAY STREET, PERTH, WESTERN AUSTRALIA.....	R. Towns & Co. Newell & Co., Pty., Ltd. Leslie & Co.
BRAZIL.....	RUA DA ALFANDEGA 48, RIO DE JANEIRO..... BAHIA AND PERNAMBUCO.....	Baldwin Locomotive Works of Brazil, Inc. Cory Bros. & Co., Ltd.
CENTRAL AMERICA AND SOUTH AMERICA EXCEPT BRAZIL.....	AVENIDA PRESIDENTE, ROQUE SAENZ, PENA, 636, BUENOS AIRES.....	Clyde G. Pinney <i>Technical Representative</i>
CHILE.....	VALPARAISO.....	Wessel Duval & Co.
CHINA.....	SHANGHAI..... SHANGHAI.....	E. P. Williams, Jr. <i>Technical Representative</i> Andersen, Meyer & Co., Ltd.

FOREIGN REPRESENTATIVES AND AGENTS—(Continued)

COLOMBIA.....	APARTADO 1659, BOGOTA.....	Vladimir Weltschiff
CUBA.....	CORNER HABANA AND O'REILLY STREETS, HAVANA..	Baldwin Locomotive Works of Cuba
EUROPEAN CONTINENT (Excluding Russia and Scandina- via).....	42 BIS BLVD. RICHARD- LENOIR, PARIS.....	Paul Negrier
GREAT BRITAIN.....	26 VICTORIA STREET, LON- DON, S. W. 1.....	Davis & Lloyd
HAWAIIAN ISLANDS.....	HONOLULU.....	J. A. Good <i>Technical Representative</i>
	HONOLULU.....	C. Brewer & Co., Ltd.
INDIA.....	5 DALHOUSIE SQUARE, CAL- CUTTA.....	L. Brooke Edwards
JAPAN.....	TOKYO.....	Frazar & Co.
MEXICO.....	2A CAPUCHINAS, 48, D. F. MEXICO CITY.....	Paul G. Cheatham
NEW ZEALAND.....	WELLINGTON.....	Philips & Pike, Ltd.
PERU.....	CALLE SAN JOSE 399, LIMA.....	Pedro Martinto & Co.
PHILIPPINES.....	MANILA.....	E. P. Williams, Jr. <i>Technical Representative</i>
	MANILA.....	Pacific Commercial Co.
PORTO RICO AND DOMINICAN REPUBLIC.....	BANK OF NOVA SCOTIA BLDG., SAN JUAN.....	R. Carrión
PORTUGAL.....	64 CAES DO SODRE, LISBON...	E. Pinto Basto & Co., Ltd.
SCANDINAVIA.....	TOLDBOGADEN No. 8, OSLO, NORWAY.....	Olav Belsheim
VENEZUELA, TRINIDAD AND LESSER ANTILLES.....	APARTADO 346, MARACAIBO...	T. D. Drew-Bear

STANDARD STEEL WORKS COMPANY

Incorporated under the Laws of the State of Pennsylvania

OFFICERS

SAMUEL M. VAUCLAIN	Chairman of the Board
GEORGE H. HOUSTON	President
JOHN P. SYKES	Vice-President
FRANK K. METZGER	Vice-President and General Manager
CHARLES E. ACKER	Treasurer
CHARLES D. MACGILLIVRAY	Secretary
CARLOS F. NOYES	Comptroller

PLANT

BURNHAM, MIFFLIN COUNTY
PENNSYLVANIA

CRAMP BRASS AND IRON FOUNDRIES COMPANY

Incorporated under the Laws of the State of Delaware

OFFICERS

GEORGE H. HOUSTON	Chairman of the Board
NORRIS H. SCHWENK	President
WALLACE G. SMITH	Vice-President
CHARLES E. ACKER	Treasurer
CHARLES D. MACGILLIVRAY	Secretary

BALDWIN-SOUTHWARK CORPORATION

Incorporated under the Laws of the State of Delaware

OFFICERS

SAMUEL M. VAUCLAIN	Chairman of the Board
GEORGE H. HOUSTON	President
JOHN P. SYKES	Vice-President
H. BIRCHARD TAYLOR	Executive Vice-President
WILLIAM H. HARMAN	Vice-President and General Manager
CHARLES E. ACKER	Treasurer
CHARLES D. MACGILLIVRAY	Secretary
CARLOS F. NOYES	Comptroller

PLANT AT BALDWIN

EDDYSTONE, PENNSYLVANIA

DE LA VERGNE ENGINE COMPANY

Incorporated under the Laws of the State of New York

OFFICERS

GEORGE H. HOUSTON	Chairman of the Board
H. BIRCHARD TAYLOR	President
WILLIAM H. HARMAN	Vice-President
CHARLES E. ACKER	Treasurer
CHARLES D. MACGILLIVRAY	Secretary

THE WHITCOMB LOCOMOTIVE COMPANY

Incorporated under the Laws of the State of Delaware

OFFICERS

SAMUEL M. VAUCLAIN	Chairman of the Board
GEORGE H. HOUSTON	President
JOHN P. SYKES	Vice-President
HAROLD H. PERRY	Vice-President and General Manager
CHARLES E. ACKER	Treasurer
CHARLES D. MACGILLIVRAY	Secretary

PLANT

ROCHELLE, ILLINOIS

THE PELTON WATER WHEEL COMPANY

Incorporated under the Laws of the State of California

OFFICERS

GEORGE H. HOUSTON	Chairman of the Board
H. BIRCHARD TAYLOR	Vice-Chairman of the Board
EVERETT M. BREED	President
CHARLES V. FOULDS	Vice-President
HERBERT M. LEE	Secretary and Treasurer

PLANT

SAN FRANCISCO, CALIFORNIA

THE MIDVALE COMPANY

Incorporated under the Laws of the State of Delaware

DIRECTORS

B. DAWSON COLEMAN	Lebanon, Pa.
FRANCIS BRADLEY	Philadelphia
HARRY L. FREVERT	Philadelphia
STUART HAZLEWOOD	Philadelphia
GEORGE H. HOUSTON	Philadelphia
JAMES M. MILLIKEN	Philadelphia
THOMAS NEWHALL	Ithan, Pa.
ARTHUR W. SEWALL	Philadelphia
JOHN P. SYKES	Philadelphia
SIDNEY F. TYLER	Philadelphia
SAMUEL M. VAUCLAIN	Rosemont, Pa.
SYDNEY E. HUTCHINSON	Philadelphia
JOSEPH WAYNE, JR.	Philadelphia

OFFICERS

SAMUEL M. VAUCLAIN	Chairman of the Board
HARRY L. FREVERT	President
FRANCIS BRADLEY	Vice-President in Charge of Operations
STUART HAZLEWOOD	Vice-President in Charge of Sales
JAMES M. MILLIKEN	Secretary and Treasurer
JOS. P. COONAHAN	Purchasing Agent

PLANT

NICETOWN, PHILADELPHIA



